

World trade flows fall in first quarter essay examples

[Economics](#), [Macroeconomics](#)



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Topics discussed in the article

- Economic growth
- Trade
- Monetary policy

Introduction

Mixed economies are the susceptible victims of global economic instability especially due interaction of currencies through trade. Any country that participates in external trade of goods and services is prone to the adverse effects of currency fluctuations or global recession. During the semester, we have been studying about the interactions of global economies and how they influence the performance of macroeconomic indicators. More specifically, we have been analyzing the global impact of exports and imports trade on the inflation rate and the countries' economic growth.

The major topic that we discussed in class was the economic growth of developing and developed nations. Economic growth is influenced by macroeconomic indicators such as net exports, the inflation rate, and foreign exchange rate system full employment position. According to the Wall Street

article, the statistics produced by the Netherlands Bureau of Economic analysis (CPB) indicated that world exports and imports had decreased by 0.5% in March and an overall drop of 0.8% by the end of the first quarter. The adverse effects of weather in the US confirm the theoretical content that economic growth is influenced by even factors beyond macroeconomic indicators.

Another topic featured in the world trade flow article is global trade among nations. Trade in exports and imports are facilitated by interaction of foreign currencies. As a result, global uncertainty may result to depreciation of either country's currency and thus lead to inflation. For instance, the European bank was keen to observe the poor performance of Euro in the global arena and thus considered adopting different measures.

Further, the course economic course also covered the monetary policy adopted by nations to mitigate the effects of the economic downturn. One of the approaches to mitigate the downturn would be to reduce the supply of money in the economy in order to mitigate inflation. For example, The Wall Street Journal indicated that The Netherlands Bureau of Economic Policy Analysis (CPB) governing council was considering issuance of bonds in order to reduce the liquid cash held by citizens and thus mitigate inflation.

Conclusively, the course content reflects the interaction of macroeconomic indicators and the role of macroeconomic policies to mitigate its adverse effects. Trade in a mixed economy is one of the loopholes that can invite economic destabilization of the country due to foreign exchange instability.

Work cited

Hannon, Paul. " World Trade Flows Fall in First Quarter Falling Trade Shows Sustained Recovery in Global Economy Remains Elusive." The Wall Street Journal (2014): n. pag. Web. 27 May 2014. .